Assisted Human Reproduction Canada

2007-2008

Departmental Performance Report

The Honourable Leona Aglukkaq
Minister of Health

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SECTION I: OVERVIEW

Minister's Message

As Canada's new Minister of Health, it is my pleasure to present Assisted Human Reproduction Canada's 2007-08 Departmental Performance Report.

Assisted Human Reproduction Canada (AHRC) was created to protect and promote the health, safety, dignity and rights of Canadians who use or are born of assisted human reproduction (AHR) technologies. AHRC was also created to foster the application of ethical principles in their use and development.

As the federal regulatory body that oversees the area of AHR and related research, AHRC has a valuable role to play.

The importance of AHRC's work for the thousands of Canadians across the country who need help in having the children they want cannot be understated. AHRC works to ensure that the gift of life made possible by assisted human reproductive technologies happens in a safe, healthy and dignified way.

In 2007-08, AHRC continued the important work of building strong and productive partnerships with organizations working in the field of assisted human reproduction in Canada and around the world.

Moving forward, the Agency remains committed to becoming a centre of expertise and focal point on AHR information for policy makers, practitioners, researchers, patients, offspring and interested Canadians.

The Honourable Leona Aglukkaq

Minister of Health

President's Message

Assisted human reproduction (AHR) is a complex field that challenges our very understanding of what it is to be human, and poses risks and opportunities for individuals and communities. Beyond the health and safety considerations associated with these technologies, AHR touches on issues related to the dignity and rights of Canadians.

To effectively regulate this complex area requires the full engagement, involvement and commitment of all parties with a role to play in these vitally important issues. With this in mind, a major focus of our Agency's work is reaching out to all Canadians who want to contribute to these matters.

We have also made significant progress in establishing the infrastructure and the networks necessary to safeguard the health and safety of Canadians who wish to build their families through reproductive technologies. At the same time, we are focusing on monitoring and enforcing compliance of the AHR Act and Section 8 Regulations.

AHRC is committed to working closely with Canadians to build a strong and open relationship based on doing what is right for the health, safety, rights and dignity of individuals who turn to AHR to produce the children they desire.

Dr. Elinor Wilson
President

Management Representation Statement

I submit for tabling in Parliament, the 2007–08 Departmental Performance Report for Assisted Human Reproduction Canada.

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2007–08 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidance;
- It is based on the Agency's approved Strategic Outcome(s) and Program Activity Architecture that were approved by the Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.

Name: Dr. Elinor Wilson

Title: President
Assisted Human Reproduction Canada

Summary Information

Department's Reason for Existence — The Assisted Human Reproduction Agency of Canada (AHRC) was established in 2006 under the authority of the *Assisted Human Reproduction Act*. The AHR Act seeks to protect and promote the health, safety, dignity and rights of Canadians in the use of assisted human reproduction (AHR) technologies, prohibits unacceptable activities such as human cloning and places controls over AHR related research and activities. The Agency is responsible for the issuance and review of licences, the collection and analysis of health reporting information, and for carrying out inspections and enforcement related to activities controlled under the Act.

Financial Resources (in $ thousands)

	2007–08	
Planned Spending	**Total Authorities**	**Actual Spending**
13,476	13,476	4,898

Human Resources

	2007-08	
Planned	**Actual**	**Difference**
44	7	37

			2007–08	
Status on Performance			**Planned Spending**	**Actual Spending**
Strategic Outcome: Protection and promotion of the health and safety of Canadians against the risks associated with assisted human reproduction				
Priority No. 1	Program Activity - Licencing and Enforcement of a Regulatory Framework for Assisted Human Reproduction Technologies Expected Results: •an effective and efficient licensing and inspection regime; •compliance in respect of prohibitions and controlled activities; and •improved safety and success of the controlled activities undertaken.	Performance Status: Met some expectations. In anticipation of the AHR regulations coming into force, focused on developing core AHRC capacity: •Recruited an Executive Director, a Director and regulatory officers for Licensing, Inspection and Personal Health Information Registry (PHIR); •Signed a Memorandum of Understanding (MOU) with the Health Canada (HC) Inspectorate to provide inspection, compliance and enforcement services under the AHR Act; •Developed a protocol for responding to complaints under the AHR Act; •Liaised with key stakeholders across	6,076	3,051

		Canada and internationally; •Initiated development of an inspection strategy to promote compliance with the AHR Act; and •Developed a user-friendly information package to interpret and implement the "Consent to Use" Regulations.		
Priority No. 2	Program Activity - Health Information and Knowledge Management for Assisted Human Reproduction Technologies Expected Results: •a confidential and secure Personal Health Information Registry; •improved information for decision-making by practitioners and prospective users of Assisted Human Reproduction procedures; •improved access by children born of Assisted Human Reproduction procedures to information on their genetic history; and •increased awareness of the Canadian public of AHR issues.	Performance Status: Met some expectations. In anticipation of the regulations coming into force, AHRC: •Initiated work on expectations and requirements for the Registry; •Recruited a Senior Advisor for Strategic Surveillance Planning; •Contracted a Senior Advisor for PHIR ; and •Began technical work on PHIR system architecture, quality and security. In addition to the above: •Established a formal, long term partnership with the Canadian Fertility and Andrology Society (CFAS) and the Society of Obstetricians and Gynaecologists of Canada (SOGC) to share information and make recommendations to their respective organizations on current and future initiatives, and explore opportunities for working together; •Consulted with patient groups on key issues; •Liaised with other key stakeholders across Canada and internationally; and •Began technical and content work on the AHRC Web site.	7,400	1,847

Departmental Context

In 1993, the Royal Commission on New Reproductive Technologies issued its report, *"Proceed with Care."* Commissioners spent four years examining assisted human reproduction (AHR) activities in Canada. They heard from 40,000 Canadians, including doctors, medical organizations and ordinary citizens, before issuing their final report. The report called on the Government of Canada to ban activities such as human cloning, payment for sperm or eggs, and commercial surrogacy. It also recommended the creation of an independent regulatory body to govern permissible AHR activities.

The Assisted Human Reproduction Agency of Canada (AHRC) was established in January, 2006 to administer the *Assisted Human Reproduction Act*. The President took office in February, 2007. The Agency's mission is to protect and promote the health and safety of donors, patients and offspring born of assisted human reproduction (AHR) technologies. Its mandate is to administer a comprehensive legislative and regulatory framework that enforces prohibitions and regulates acceptable controlled activities in Canada. In fulfilling its duties, AHRC may exercise powers in relation to licenses; designate inspectors to enforce the Act; maintain relationships with stakeholders including health practitioners, patients and researchers; collect, analyse and manage health reporting information relating to controlled activities.

The Agency may also provide information to the public and to professionals regarding AHR; monitor technological advances and trends in AHR; and advise the Minister of Health on issues related to AHR.

Health Canada is responsible for developing policy and completing Canada's regulatory framework under the Act. Core components of the regulatory framework to enable AHRC to begin licensing and inspections of facilities are being developed. Therefore, no licences are being issued at this time. Accordingly, the immediate priorities for AHRC's management team and Board of Directors have been the start-up of the Agency's operations, developing the core capacity to administer the regulations once they come into force, engaging key stakeholders and participating in outreach initiatives with the public.

Members of the Board of Directors have participated in sessions to familiarize themselves with pertinent issues related to assisted human reproduction. The Board also adopted by-laws which provide a definition of their roles and responsibilities as well as an operational structure for the Agency.

OVERVIEW OF AGENCY PERFORMANCE

Creating the infrastructure

AHRC is awaiting the regulations necessary to give effect to key elements of the *Assisted Human Reproduction Act* that give it the authority to implement and enforce the legislation's provisions. AHRC is engaged in the following activities:

- Signed a MOU with Health Canada's Health Products and Food Branch Inspectorate to provide inspection, compliance and enforcement services for the *Assisted Human Reproduction Act* under the direction of AHRC;
- Developed an interim compliance and enforcement strategy;
- Established roles and responsibilities of AHRC and the RCMP in relation to the enforcement of the AHR Act, including the prohibited activities; and
- Initiated the development of a Personal Health Information Registry which is a key piece of the Agency's infrastructure.

Until the regulations are in place, AHRC will continue to only staff positions that meet immediate organizational requirements.

Building productive partnerships

- Established a Tripartite Committee, made up of representatives of AHRC, the Canadian Fertility and Andrology Society (CFAS) and the Society of Obstetricians and Gynaecologists of Canada (SOGC). This Committee provides a forum for discussion on matters of mutual interest, for sharing information on emerging issues, and for making recommendations on future initiatives such as clinical practice guidelines;

- Consulted with the CEOs and Presidents of the Canadian Medical Association (CMA), the Canadian College of Family Physicians (CFPC), the Infertility Awareness Association of Canada (IAAC), the Infertility Network (IN) and the Lesbian, Gay, Bisexual and Trans (LGBT) Parenting Network. The objectives are to build partnerships and assess how these organizations and AHRC can work together; and

- Liaised with international organizations such as the Human Fertilisation and Embryology Authority of the United Kingdom, Agence de la biomédecine (France) and the National Institutes of Health of the United States of America.

Reaching out to Canadians

- Activities of the President and Chair included making presentations to, or attending, numerous meetings and conferences to explain AHRC's mission and mandate, and to share best practices in the field;

- Launched a newsletter to keep stakeholders and the public apprised of the latest activities of the Agency and the Board of Directors. The inaugural issue of the newsletter was released in Winter 2007-2008; and

- Initiated content and technical work on the Agency's Web site.

Implementing the Regulations – "Consent to Use"

The first set of regulations developed by Health Canada came into force on December 1, 2007. These regulations fulfill legislative requirements under Section 8 of the *Assisted Human Reproduction Act*. This section states that written consent is required from a donor to use human reproductive material to create an embryo or to use *in vitro* embryos for any purpose. The regulations specify the type of information that the donor must receive before giving their consent, the requirements for consent and the withdrawal of consent.

AHRC engaged in the following activities:

- Developed and disseminated an information package to assist donors and clinics in understanding and implementing these regulations; and, conducted workshops to assist stakeholders; and

- Commenced a compliance verification process regarding Section 8.

Departmental Link to Government of Canada Outcome Areas

AHRC contributes to a "Whole of Government" approach of fostering Healthy Canadians.

Specifically, the Agency will protect the health, safety and dignity of Canadians using AHR technologies by enforcing regulations.

AHRC protects the health and safety of Canadians using AHR technologies by providing them with information to make informed decisions about the use of AHR technologies.

Offspring born of AHR technologies will have access to the genealogical and medical histories of their genetic donors.

Program Activity Architecture (PAA) Crosswalk

The program for 2007-08 was unchanged from 2006-07. Consequently there have been no changes to the PAA strategic outcomes and activities.

SECTION II: ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

Analysis by Program Activity

Strategic Outcome

Protection and promotion of the health and safety of Canadians against the risks associated with assisted human reproduction technologies.

Program Activity: Licensing and Enforcement of a Regulatory Framework for Assisted Human Reproduction Technologies.

Financial Resources (in $ thousands)

Planned Spending	Authorities	Actual Spending
6,076	6,076	3,051

Human Resources

Planned	Actual	Difference
22 FTEs	4 FTEs	18 FTEs

Objective

To ensure compliance with the AHR Act legislative and regulatory framework.

Description

AHRC would achieve this objective by the following means:

- issuing licences for controlled activities and for facilities used by qualified persons or organizations;
- conducting periodic inspections of AHR clinics, service providers or research to ensure compliance; and
- enlisting the participation or support of other recognized organizations in the development of other supporting policy instruments (e.g., standards, guidelines, accreditation models, etc.).

Key Results

The preliminary key results for this program activity include:

- an effective licensing and inspection regime;
- compliance in respect of prohibitions and controlled activities; and
- improved safey and success of the controlled activities undertaken.

In support of the above, the Agency:

- entered into a MOU with the Health Canada Inspectorate to provide inspection services;
- developed a process to respond to complaints under the AHR Act;
- consulted with key stakeholders;
- commenced an audit for compliance with Section 8 of the AHR Act (Consent to Use);
- filled key positions through interchanges and secondments from other departments; and
- contracted the services of expert consultants in key functional areas.

Program Activity: Health Information and Knowledge Management for Assisted Human Reproduction Technologies.

Financial Resources (in $ thousands)

Planned Spending	Authorities	Actual Spending
7,400	7,400	1,847

Human Resources

Planned	Actual	Difference
22 FTEs	3 FTEs	19 FTEs

Objective

To become a centre of expertise and focal point of AHR information for policymakers, practitioners, patients, children born of AHR procedures, researchers and the Canadian public.

Description

AHRC would achieve this objective by the following means:

- developing and maintaining a personal health information registry (PHIR) to consolidate health reporting information concerning donors, patients and children born of AHR procedures to allow for a look-back and trace-back mechanism;
- providing ongoing reports of AHR controlled activities, including success rates by AHR clinics and results of research, to enable prospective AHR users to make informed decisions; and
- providing public information on AHR matters or issues via a public Web site and in other forms such as brochures.

Key Results

The preliminary key results for this program activity include:

- a confidential and secure PHIR;

- improved information for decision-making by practitioners and prospective users of AHR procedures;
- improved access by children born of AHR procedures to information on their genetic history; and
- increased awareness of the Canadian public of AHR issues or problems.

The Personal Health Information Registry (PHIR) will provide AHRC with the information to perform a number of important functions mandated under the Act as well as forming an essential part of an AHR health surveillance system.

With respect to the PHIR, AHRC sought to make progress towards the priority above by concentrating its efforts on the following:

- surveying the AHR clinics and working with the representative association towards a common vision for the collection and management of HRI through the establishment of a working group; and
- initiating development of a model framework for the PHIR.

With respect to health surveillance, AHRC sought to make progress by:

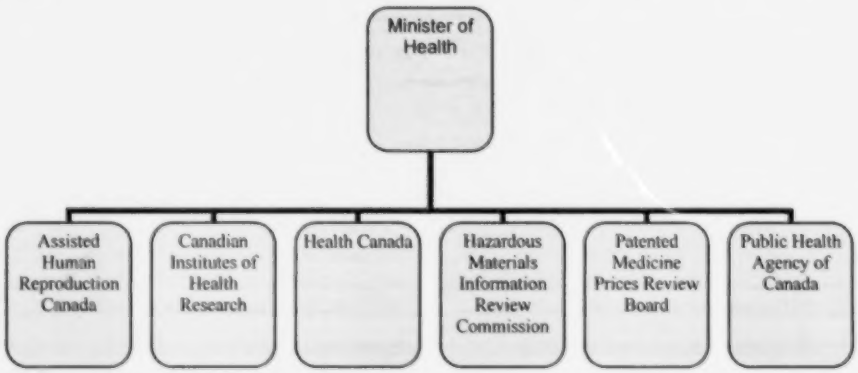
- reviewing provincial and federal surveillance systems as well as international examples such as the U.K. model;
- consulting health surveillance experts in the Public Health Agency of Canada, Canadian Institute of Health Information and Statistics Canada;
- consulting provincial bodies to assess interest in a pilot project linking an AHRC-based health surveillance system to provincial perinatal surveillance systems; and
- identifying options regarding a future Canadian health surveillance system, including required content and approaches to collection and management.

SECTION III: SUPPLEMENTARY INFORMATION

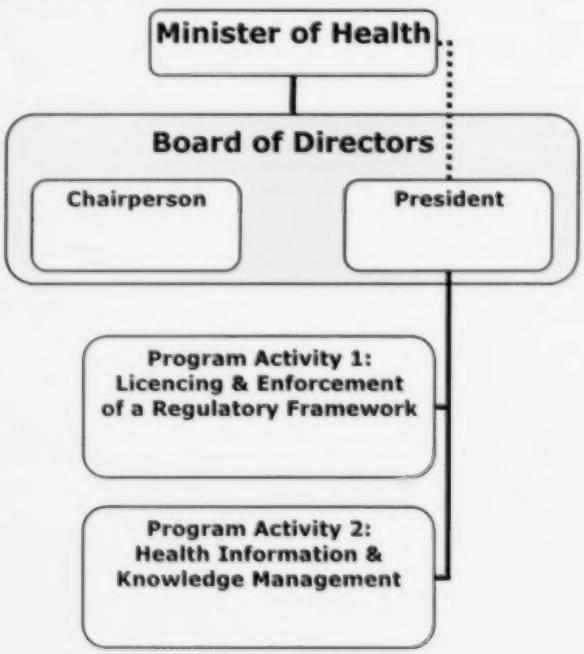
Organizational Information

Health Portfolio Overview

The Minister of Health is responsible for maintaining and improving the health of Canadians. These efforts are supported by the Health Portfolio which includes Health Canada, the Public Health Agency of Canada, the Canadian Institutes of Health Research, the Hazardous Materials Information Review Commission, the Patented Medicine Prices Review Board and Assisted Human Reproduction Canada. Each member of the Portfolio prepares its own Report on Plans and Priorities.


Minister of Health
Assisted Human Reproduction Canada
Canadian Institutes of Health Research
Health Canada
Hazardous Materials Information Review Commission
Patented Medicine Prices Review Board
Public Health Agency of Canada

Overall AHRC Governance Framework


Minister of Health
Board of Directors
Chairperson
President
Program Activity 1: Licencing & Enforcement of a Regulatory Framework
Program Activity 2: Health Information & Knowledge Management

Tables

Departmental Link to Government of Canada Outcome Areas

DPRs link to the "Whole-of-Government Framework" used in *Canada's Performance* report.

Strategic Outcome: Protection and promotion of the health and safety of Canadians against the risks associated with assisted human reproduction technologies.				
(in $ thousands)	Actual Spending 2007-08			Alignment to Government of Canada Outcome Area
	Budgetary	Non-budgetary	Total	
Licencing and Enforcement of a Regulatory Framework for Assisted Human Reproduction Technologies	3,051		3,051	Contributes to a "Whole of Government" approach of fostering Healthy Canadians: Protects the health, safety and dignity of Canadians using AHR technologies by enforcing regulations.
Health Information and Knowledge Management for Assisted Human Reproduction Technologies	1,847		1,847	Contributes to a "Whole of Government" approach of fostering Healthy Canadians: Protects the health and safety of Canadians using AHR technologies by providing them with information to make informed decisions about the use of AHR technologies. Offspring born of AHR technologies will have access to the genealogical and medical histories of their genetic donors.

Table 1: Comparison of Planned to Actual Spending (including FTEs)

(in $ thousands)	2005–2006 Actual	2006–2007 Actual	2007–2008			
			Main Estimates	Planned Spending	Total Authorities	Actual
Licencing and Enforcement of a Regulatory Framework for Assisted Human Reproduction Technologies	0	60	6,076	6,076	6,076	3,051
Health Information and Knowledge Management for Assisted Human Reproduction Technologies	0	74	7,400	7,400	7,400	1,847
Total	**0**	**134**	**13,476**	**13,476**	**13,476**	**4,898**
Plus: operating budget carry forward					451	
Plus: collective agreements impact adjustments					13	
Plus: allowances for vacation, and other personnel accruals			N/A		N/A	93
Plus: Cost of services received without charge *			0		N/A	318
Total Departmental Spending	**0**	**134**	**13,476**	**13,476**	**13,940**	**5,309**
Full-time Equivalents			**44**	**44**	**44**	**7**

*** Services received without charge include accommodation provided by PWGSC, the employer's share of employees' insurance premiums, Workers' Compensation coverage provided by Social Development Canada, and services received from the Department of Justice.**

Table 2: Voted and Statutory Items

Vote or Statutory Item	Truncated Vote or Statutory Wording	2007–2008 (in $ thousands)			
		Main Estimates	Planned Spending	Total Authorities	Actual
10	Operating expenditures	12,834	12,834	12,834	4,616
(S)	Contributions to employee benefit plans	642	642	642	282
	Total	**13,476**	**13,476**	**13,476**	**4,898**

Table 3: Services Received Without Charge

(in $ thousands)	
Accommodation provided by Public Works and Government Services Canada	187
Contributions covering the employer's share of employees' insurance premiums and expenditures paid by the Treasury Board of Canada Secretariat (excluding revolving funds)	130
	318

Table 4: Internal Audits and Evaluations

Internal Audits or Evaluations

No audits have been set as the Agency has only had financial signing authority since February 14, 2007. The Agency is required to comply with the Treasury Board's Internal Audit Policy and related directives as applicable. The Agency reports on the performance of all its initiatives on a regular basis through Main Estimates, using the Report on Plans and Priorities and the Agency's Performance Report. The preliminary Program Activity Architecture (PAA) has been developed for AHRC and will be used to build the Management Resources and Results Structure (MRRS) for the Agency, as a vehicle to report performance.

As a new organization, AHRC focussed on building the infrastructure of the Agency. Subsequently, performance indicators are anticipated to be developed in accordance with the coming into force of regulatory instruments under the AHR Act, to gauge and report on progress towards fulfilling the Agency's legislated and regulatory mandate.

The President of the Agency, being the chief executive officer of the Agency, is responsible for the effective management, direction and control of the Agency, including an obligation to ensure that resources allocated for purposes of the Agency are managed well, are being used for priorities identified by Ministers, and are achieving results for Canadians.

Table 5: Travel Policies

The Agency adheres to travel policies and parameters as established by the Treasury Board's Special Travel Authorities and the Travel Directive, Rates and Allowances.

"For supplementary information on the department's travel policies, please visit: http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp."

Table 6: Assisted Human Reproduction Canada Financial Statements (Unaudited) For the Year Ended March 31, 2008

Statement of Management Responsibility for Financial Statements

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2008 and all information contained in these statements rests with management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Agency's financial transactions. Financial information submitted to the Public Accounts of Canada and included in the Agency's Departmental Performance Report is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the Financial Administration Act, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the Agency.

The financial statements of the Agency have not been audited.

Dr. Elinor Wilson
President
Assisted Human Reproduction Agency of Canada
Date: August 5, 2008

Assisted Human Reproduction Canada
Statement of Operations (Unaudited)

For the year ended March 31 (with comparative amounts for the previous fiscal year) (in $ thousands)	Licencing and Enforcement of a Regulatory Framework for Assisted Human Reproduction Technologies	Health Information and Knowledge Management for Assisted Human Reproduction Technologies	**2008**	**2007**
Expenses				
Salaries and employee benefits	1,593.0	779.8	2,372.8	50.0
Professional and special services	1,091.3	756.9	1,848.2	27.9
Travel and relocation	211.3	137.6	348.9	6.4
Utilities, material and supplies	186.5	149.8	336.3	40.1
Accommodation	102.8	84.1	186.9	0.0
Communication	62.8	50.6	113.4	0.7
Purchases, repairs and maintenance	30.9	25.3	56.2	2.9
Rentals	17.9	9.2	27.1	5.7
Information	10.5	8.5	19.0	0.0
Other	.2	.2	.4	0.0
	3,307.2	2.002.0	5,309.2	133.7
Net Cost of Operations	3.307.2	2,002.0	5,309.2	133.7

The accompanying notes are an integral part of the financial statements

Assisted Human Reproduction Canada
Statement of Financial Position (Unaudited)

As at March 31 (with comparative amounts for the previous fiscal year) (in $ thousands)	**2008**	**2007**
Assets		
Financial assets		
Accounts Receivable and advances (Note 4)	370.8	4.6
Total Assets	370.8	4.6
Liabilities and Equity of Canada		
Liabilities		
Accounts payable and accrued liabilities	702.4	120.3
Vacation pay and compensatory leave (Note 5)	48.2	0
Employee severance benefits (Note 6)	45.8	0
	796.4	120.3
Equity of Canada	(425.6)	(115.7)
	370.8	4.6

The accompanying notes are an integral part of the financial statements

Assisted Human Reproduction Canada
Statement of Equity of Canada (Unaudited)

As at March 31 (with comparative amounts for the previous fiscal year) (in $ thousands)	**2008**	**2007**
Equity of Canada, beginning of year	(115.7)	0.0
Net cost of operations	(5,309.2)	(133.7)
Current year appropriations used (Note 3)	4,897.7	133.7
Change in net position in the Consolidated Revenue Fund (Note 3)	(215.9)	(115.7)
Services Received without charge from other government departments (Note 7)	317.5	0.0
Equity of Canada, end of year	(425.6)	(115.7)

The accompanying notes are an integral part of the financial statements

Assisted Human Reproduction Canada
Statement of Cash Flow (Unaudited)

For the year ended March 31 (with comparative amounts for the previous fiscal year) (in $ thousands)	**2008**	**2007**
Operating activities		
Net cost of operations	5,309.2	133.7
Non cash items		
Services received without charge	(317.5)	0.0
Variations in Statement of Financial Position		
Increase in accounts receivable and advances	366.2	4.6
Increase in liabilities	(676.1)	(120.4)
	4,681.8	17.9
Financing Activities		
Net cash provided by the Government of Canada	(4,681.8)	(17.9)
	(4,681.8)	(17.9)

The accompanying notes are an integral part of the financial statements

Assisted Human Reproduction Canada
Notes to the Financial Statements (Unaudited)

1. Authority and purpose

The Assisted Human Reproduction Agency of Canada (AHRC) was established under the authority of the *Assisted Human Reproduction Act*. The legislation aims to protect and promote the health, safety, dignity and rights of Canadians in the use of assisted human reproduction (AHR) technologies, prohibits unacceptable activities such as human cloning and places controls over AHR related research. The Agency is responsible for the issuance and review of licences, the collection and analysis of health reporting information, and for carrying out inspections and enforcement related to activities controlled under the Act.

2. Significant accounting policies

The financial statements have been prepared in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

(a) Parliamentary appropriations
The Agency is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the Agency do not parallel financial reporting according to generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.

(b) Net Cash Provided by Government
The Agency operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Agency is deposited to the CRF and all cash disbursements made by the Agency are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.

(c) Change in net position in the Consolidated Revenue Fund
The change in net position in the Consolidated Revenue Fund is the difference between the net cash provided by Government and appropriations used in a year, excluding the amount of non respendable revenue recorded by the Agency. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF (See note 3(c) for reconciliation between net cash provided by Government and current year appropriations used).

(d) Expenses
Expenses are recorded on an accrual basis:

Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.

Services provided without charge by other government departments for accommodation and the employer's contribution to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

e) Employee future benefits
i) Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multiemployer plan administered by the Government of Canada. The Agency's contributions to

the Plan are charged to expenses in the year incurred and represent the total obligation to the Plan by the Agency. Current legislation does not require the Agency to make contributions for any actuarial deficiencies of the Plan.

ii) Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(f) Accounts receivable
Accounts receivable are stated at amounts expected to be ultimately realized. They are mainly comprised of amounts to be recovered from other government Departments and the recovery is considered certain. As a result, no provision has been recorded as an offset against these amounts.

(g) Tangible Capital Assets
All tangible capital assets having an initial cost of $10,000 or more are recorded at their acquisition cost. The Agency does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on Indian Reserves and museum collections.

Amortization of capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset Class	Sub-asset Class	Amortization Period
Machinery and equipment	Computer equipment	3-5 years

(h) Measurement uncertainty
The preparation of these financial statements in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

3. Parliamentary Appropriations

The Agency receives most of its funding through annual Parliamentary appropriations. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the Agency has different net cost of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to appropriations used: (in $ thousands)	2008	2007
Net cost of operations	5,309.2	133.7
Adjustments for items affecting net cost of operations but not affecting appropriations		
Add (Less):		
Services provided without charge by other government departments	(317.5)	0.0
Allowance for vacation pay accrual	(48.1)	0.0
Allowance for time-off in lieu accrual	(.1)	0.0
Allowance for severance benefits	(45.8)	0.0
	(411.5)	0.0
Current year appropriations used	(4,897.7)	133.7

(b) Appropriations provided and used: (in $ thousands)	2008	2007
Program expenditures - Vote 10	13,298.1	9,022.0
Total Voted Parliamentary Appropriations	13,298.1	9,022.0
Lapsed	(8,682.4)	(8,892.3)
Total Voted Parliamentary Appropriations Used	4,615.7	129.7
Contributions to employee benefit plans	282.0	4.0
Current year appropriations used	4,897.7	133.7

(c) Reconciliation of net cash provided by Government to appropriations used (in $ thousands)	2008	2007
Net cash provided by Government	4,681.8	17.9
Change in net position in the Consolidated Revenue Fund		
Variation in accounts receivable and advances	(365.7)	(4.6)
Variation in accounts payable and accrued liabilities	582.0	120.4
Other Adjustments	(.4)	0.0
Current year appropriations used	4,897.7	133.7

4. Accounts receivable and advances

(in $ thousands)	2008	2007
Receivables from other Federal Government departments and agencies	370.4	4.6
Employee advances	.4	0.0
	370.8	4.6

5. Vacation pay and compensatory leave

(in $ thousands)	2008	2007
Allowance for vacation	48.1	0.0
Allowance for compensatory leave	.1	0.0
	48.2	0.0

6. Employee benefits

(a) Pension benefits

The Agency's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and the Agency contribute to the cost of the Plan. The expense presented below represents approximately 2.1 times (2.2 in 2006-07) the contributions by employees.

(in $ thousands)	2008	2007
Expense for the year	205.6	2.9

The Agency's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(b) Severance benefits

The Agency provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

(in $ thousands)	2008	2007
Accrued benefit obligation, beginning of year	0.0	0.0
Expense for the year	45.8	0.0
Benefits paid during the year	0	0.0
Accrued benefit obligation, end of year	45.8	0.0

7. Related party transactions

The Agency is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. The Board enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, the Agency received services which were obtained without charge from other Government departments as presented in part (a).

(a) Services provided without charge

During the year the Agency received services without charge from other departments. These services without charge have been recognized in the Agency's Statement of Operations as follows:

(in $ thousands)	2008	2007
Accommodation	186.9	0.0
Employer's contribution to the health and dental insurance plans	130.6	0.0
	317.5	0.0

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada and audit services provided by the Office of the Auditor General, are not included as an expense in the Agency's Statement of Operations.

(b) Payables and receivables outstanding at year-end with related parties

(in $ thousands)	2008	2007
Accounts receivable from other government departments and agencies	370.4	4.6
Accounts payable to other government departments and agencies	283.7	3.9

8. Comparative information

Comparative figures have been reclassified to conform to the current year's presentation.